

ASSEMBLY BILL

No. 1952

Introduced by Assembly Member Pan

February 19, 2014

An act to add Article 1.5 (commencing with Section 127447.10) to Chapter 2.5 of Part 2 of Division 107 of the Health and Safety Code, relating to health facilities, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1952, as introduced, Pan. Charity care and Wellness Trust Fund.

Existing law establishes the State Department of Public Health and sets forth its powers and duties, including, but not limited to, the licensing and regulation of health facilities. Existing law establishes the Offices of Statewide Health Planning and Development and sets forth its powers and duties, including, but not limited to, health planning and research development.

Existing law requires specified hospitals to maintain an understandable discount policy and charity care policy, and makes uninsured patients with high medical costs who are at or below 350% of the federal poverty level eligible to apply for participation.

This bill would require a general acute care hospital to annually provide charity care or monetary contributions, or a combination, an amount equaling at least of 5% of the hospital's net patient revenue. The bill would establish the Wellness Trust Fund, would require the revenues collected pursuant to these provisions to be deposited into the fund, and would continuously appropriate the fund for the support of the Medi-Cal program.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

SECTION 1. Article 1.5 (commencing with Section 127447.10) is added to Chapter 2.5 of Part 2 of Division 107 of the Health and Safety Code, to read:

Article 1.5. Charity Care and Wellness Trust Fund

127447.10. (a) Commencing January 1, 2015, a hospital shall annually provide, for each fiscal year, an appropriate level of charity care or appropriate contributions to the Wellness Trust Fund of an amount equal to at least 5 percent of the hospital's net patient revenue by providing any of the following:

(1) Charity care.

(2) Monetary contributions to the fund.

(3) A combination of charity care and contributions to the fund.

(b) For purposes of satisfying subdivision (a), a hospital shall not change its existing fiscal year unless the hospital changes its ownership or corporate structure as a result of a sale or merger.

(c) A determination of the amount of charity care and contributions to the fund provided by a hospital shall be based on the most recently completed fiscal year of the hospital.

(d) If a hospital reasonably determines that providing charity care or contributions to the fund in accordance with this article in a given fiscal year would result in the hospital having an annual operating margin of less than 1 percent, the hospital may petition the office to be excused in whole or in part from complying with subdivision (a) in that fiscal year. The director may excuse compliance if he or she concurs with the hospital's conclusion that compliance with subdivision (a) would result in the hospital having an operating margin of less than 1 percent in the fiscal year at issue.

(e) This section shall not apply to a hospital that is part of an integrated nonprofit health system.

(f) Nothing in this article shall invalidate an ordinance of, nor be construed to prohibit the adoption of an ordinance by, a city, county, or city and county, unless simultaneous compliance with this article and the ordinance is impossible.

127447.15. As used in this article, the following terms have the following meanings:

1 (a) “Fund” means the Wellness Trust Fund established pursuant
2 to Section 127447.20.

3 (b) “Office” means the Office of Statewide Health Planning and
4 Development.

5 (c) “Director” means the Director of the Office of Statewide
6 Health Planning and Development.

7 (d) “Hospital” means any health facility licensed pursuant to
8 subdivision (a) of Section 1250.

9 127447.20. (a) The Wellness Trust Fund is hereby established
10 within the General Fund. Revenues derived from contributions
11 from hospitals pursuant to this article shall be deposited into the
12 fund for the purposes of supporting health care for needy
13 individuals as set forth in this article. Notwithstanding Section
14 16305.7 of the Government Code, any interest and dividends
15 earned on deposits in the fund shall be retained in the fund for
16 purposes set forth in this article.

17 (b) All moneys in the fund are hereby continuously appropriated
18 for the support of the Medi-Cal program.

19 (c) It is the intent of the Legislature that moneys in the fund be
20 used to supplement, and not displace, existing funding for the
21 Medi-Cal program.

22 (d) For purposes of this section, “existing funding for the
23 Medi-Cal program” means the total amount expended from
24 appropriations by the Legislature for the Medi-Cal program in the
25 fiscal year in which this section is enacted, or in any subsequent
26 fiscal year, whichever is greater. “Existing funding for the
27 Medi-Cal program” does not include any amount appropriated
28 from the fund pursuant to subdivision (b).